



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 6/7/2017

No Budget...Again

The Illinois General Assembly is headed into another overtime session. Once again the Illinois General Assembly adjourned its regular session without approving a comprehensive state budget. The continued political fighting has proved too much for the first-term Republican Governor and the long-time Democratically-controlled General Assembly to overcome during its regularly scheduled spring session. Many were optimistic early in the session that the Senate could reach a bipartisan compromise. Senators worked earnestly for months in an attempt to orchestrate a bipartisan “grand bargain” budget and reform package, but negotiations fell apart in the final weeks of session. Ultimately, the Senate Democrats passed their own budget and reform package. The House, lacking bipartisan support, was unable to find consensus on a revenue package needed to support the budget passed by the Senate and the Governor warned members that he would veto any budget package that was not balanced and did not include at least a four year property tax freeze.

Illinois has not had a full budget since July 1, 2015 and that budget was not balanced. A partial "stop gap" budget expired last December 31, and Illinois state government is once again running via court order and consent decree. Illinois currently has a record \$14.5 billion bill backlog pending at the Comptroller's office, and that bill backlog is projected to reach \$16 billion by the end of June.

Both chambers remain in “continuous session”. The House extended the deadline for all bills pending on the calendar until June 30 which will allow extra time to consider measures still pending before that chamber. The passage of legislation with an immediate effective date (such as a state budget) between now and the end of the year will require a 3/5 super-majority in both chambers, and will require Republican votes in the House. The House adjourned until the call of the Speaker, and the Senate adjourned until the call of the Senate President.

The new fiscal year begins July 1, making the next pressure point June 30. The outstanding question is whether the General Assembly and Governor can put together a revenue and spending plan for multiple fiscal years by then or if the Governor backs down on his stance not to sign another temporary stop-gap budget, or at least a education funding budget, in time for schools to open in August.

CBAI Initiatives Pass Both Chambers; Head to the Governor

Despite the ongoing budget impasse, CBAI is pleased to report that community banks had a successful legislative session. Several CBAI/Coalition initiatives passed both chambers and head to the Governor for his signature. These bill are listed below.

[HB 759 \(Lang/Mulroe\) - Credit Insurance Clarification](#)

This bill amends the Illinois Insurance Code in a provision concerning licensure requirements for financial institutions to clarify that financial institutions do not need to be licensed to enroll bank customers in group credit insurance policies. This legislation was introduced because recent amendments to the Illinois Insurance Code have created confusion in the marketplace and within the Department of Insurance under the previous administration. This bill will clarify the law to avoid any future confusion or misinterpretation on this issue. HB 759 was also supported by the Illinois Bankers Association, the Illinois Credit Union League, and the Illinois League of Financial Institutions. This bill passed both chambers unanimously, and will be sent to the Governor.

[SB 1694 \(Koehler/Cassidy\) - Vehicle Storage Fee](#)

This bill is follow up language from last year's bill HB 2642 which was signed into law and requires repair shops and garages that seek to impose fees in connection with the storage of a vehicle, to provide written notice to the lienholder of record before the assessment and accrual of fees. There have been numerous complaints of non-compliance with this new law, so SB 1694 clarifies the law, and adds a cross-reference in the Vehicle Code and penalties for non-compliance. The towing companies were in strong opposition and worked the General Assembly hard. Our coalition, which included CBAI, the Illinois Credit Union League, and the Illinois Bankers Association agreed to introduce an amendment that addressed several concerns of the Professional Towing and Recovery Operators of Illinois, in an effort to gain support from members of the General Assembly. Among several concessions, the amendment clarified that the notice provided by the towing company is effective on dispatch, and that the towing companies have two business days to send the notification by certified mail. Also under the new legislation, lienholders are provided with an opportunity to inspect the vehicle within two business days of making a request to do so. SB 1694 passed both the Senate and the House and will be sent to the Governor.

[HB 3282 \(Davidsmeyer/Nybo\) - Bank Data Ownership](#)

This bill amends the Data Processing Services for Financial Institutions Act to provide that if a financial institution makes data available to an independent data processing servicer, the data shall remain the property of the financial institution. MasterCard had concerns with the bill as introduced and reached out to CBAI and an amendment was adopted on the House floor to remove their concerns. HB 3282 passed both the House and the Senate unanimously and will be sent to the Governor.

[HB 2514 \(Lang/Nybo\) - Federal Home Loan Bank Regulatory Information Sharing](#)

This bill allows the Secretary of IDPFR to provide confidential supervisory information to the Federal Home Loan Bank (FHLB) of Chicago in connection with any application by a bank before the FHLB of Chicago or in connection with any bank that is a member of the FHLB of Chicago if the Secretary determines that the FHLB of Chicago has a legitimate interest in the confidential supervisory information. The bill also allows a bank and other financial institutions to provide the confidential information to the FHLB. This bill is a joint initiative with the FHLB of Chicago, the Illinois Credit Union League, the Illinois Bankers Association and the Illinois League of Financial Institutions. This legislation allows the FHLB of Chicago to have access to the same credit information for Illinois state-chartered bank, thrifts and credit unions as it does for its federally chartered members. HB 2514 passed both the House and the Senate unanimously and will be sent to the Governor.

Foreclosure Fee Extension Bill Passes Both Chambers

[SB 647 \(Collins/Turner\)](#) amends the Mortgage Foreclosure Article of the Code of Civil Procedure by extending the additional fee paid by residential foreclosure plaintiffs and purchasers at a judicial sale until January 1, 2020. This bill extends the fee that is tiered based on the number of foreclosures filed by the financial institution. **CBAI opposed this bill** and requested that fees sunset as agreed to in the original legislation. The bill narrowly passed out of the Senate with a vote of 31-21, and the House with a vote of 62-49. The bill will be sent to the Governor.

ATM Fee Limitation Legislation Stalls in the House

[HB 1274 \(Turner\)](#) amends the Electronic Fund Transfer Act and limits ATM cash withdrawal fees to \$1. CBAI was adamantly opposed to this legislation. Providing customers 24 hour access to their money is a courtesy that involves many costs and risks. Community banks offer their customers free transactions for in-network ATM transactions. Fees are only charged to non-customers who use the bank's ATM as a "convenience." Limiting the fee that can be charged in those transactions may actually have the negative effect of forcing community banks to charge ATM fees for ALL transactions. Finally, because of federal law preemption, HB 1274 would likely only affect state chartered community banks and that would put them at a competitive disadvantage with out of state and national banks. HB 1274 was also opposed by the Illinois Bankers Association, the Illinois Credit Union League, the IL State Chamber of Commerce, the Illinois Retail Merchants, the Illinois Petroleum Marketers Association and the Illinois Association of Convenience Stores. Despite the broad opposition, this bill passed out of the House Consumer Protection Committee on a partisan roll call. However, the sponsor never called the bill for a vote on the House floor.

Supplier Diversity Report Mandate Stalls in Senate

[SB 812 \(Sandoval\)](#) amends the Public Funds Investment Act, the Illinois Banking Act, the Savings Bank Act and the Credit Union Act and requires any financial institution or other entity with assets of \$100 million or more that is receiving public funds to submit an annual report on its voluntary supplier diversity program to the IDFPR. It would also require the IDFPR to publish these reports on its website and to hold annual supplier diversity workshops. CBAI, along with the Illinois Bankers Association and the Illinois Credit Union League effectively lobbied Senate members to oppose the bill, as the sponsor never called the bill for a vote on the Senate floor.

Foreclosure Grace Period Bill Held in Senate Judiciary

[SB 568 \(Martinez\)](#) amends the Illinois Mortgage Foreclosure Law to re-enact the grace period notice process for residential real estate occupied as a principal residence by the mortgagor. The process required the mailing of a 30 day "grace period" notification by the lender to its borrower after 30 days of delinquency. The notice informed the delinquent borrower of the opportunity to seek HUD approved housing counseling, in order to develop and submit to the lender a sustainable loan workout plan within the following 30 day period (during the 30 day periods, no foreclosure action could be initiated). CBAI opposed this bill as it ignores the fact that the CFPB has established very extensive early intervention and loss mitigation federal standards to facilitate borrowers' access to foreclosure avoidance options. Also opposing were the Illinois Bankers Association and the Illinois Credit Union League. The sponsor never called the bill in Senate Judiciary Committee. She has indicated that she would like to meet over the summer to continue discussions.

Unclaimed Property Re-write Discussions Continue

[HB 2603 \(Zalewski\)](#) is an initiative of Treasurer Mike Frerich's office. It is an attempt to re-write the current Uniform Disposition of Unclaimed Property Act and creates the Revised Uniform Unclaimed Property Act. CBAI, along with the Illinois Bankers Association and the Illinois Credit Union League have expressed some initial concerns of the bill with the sponsor and the Treasurer's office. Due to the substantial size and complexity of the bill, we have suggested that more time to review is necessary to determine and analyze with precision. It is believed that discussions will continue over the summer.

Investment Tax Legislation Receives Deadline Extension

[SB 1719 \(Biss\)](#) imposes a new 20% gross receipts tax on partnerships and S corps engaged in the business of conducting investment management services. This bill would put Illinois' vital financial service sector and the tens of thousands of jobs it employs at risk. Illinois has benefited from being a top ten globally-recognized financial hub. SB 1719 would hurt our state's global reputation and would force investors to look to less hostile cities such as Boston, Dallas, and Charlotte. CBAI along with several other business trade groups oppose this bill. SB 1719 passed out of the Senate and the House Revenue Committee, however, was not called for a vote on the House floor. The bill received a deadline extension to June 30, and CBAI will continue to track and oppose this legislation.

Cannabis –Related Business Protection Resolution Adopted by the House

[House Resolution 121 \(Lang\)](#) urges Congress to amend federal law to provide immunity from federal prosecution and regulatory protections for financial institutions legally providing services to cannabis-related businesses, licensees, and consumers pursuant to applicable state law. The Resolution was adopted by the Illinois House and will be sent to President Donald Trump, U.S. Senate Majority Leader Mitch McConnell, U.S. Senate Minority Leader Chuck Schumer, U.S. Speaker of the House Paul Ryan, U.S. House of Representatives Minority Leader Nancy Pelosi, and all members of the Illinois Congressional Delegation.

For more information, or if you have any questions or comments, please contact [Kraig Lounsberry](#) or [Megan Peck](#) at 800/736-2224.